

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1188 - SB 1145

March 2, 2017

SUMMARY OF BILL: Creates the legislative Select Oversight Committee on TennCare to be composed of seven members to be appointed by the Speaker of the Senate and seven members to be appointed by the Speaker of the House of Representatives. Authorizes the Committee to conduct hearings, employ staff, and enter into contracts for technical or professional services. Requires the Committee to meet at least quarterly and at the call of the Chair. Requires the Committee to report on its activities to each member of the General Assembly. Unless continued for five years by the General Assembly, the Committee terminates on June 30, 2020. Directs the Committee to conduct an independent study of the TennCare pharmacy program and to report on its findings and recommendations by January 15, 2018, to the Chair of the Senate Health and Welfare Committee and to the Chair of the Health Committee of the House of Representatives.

Requires the Bureau of TennCare to file an annual report setting forth data and statistics relative to health care provided to women. Requires the Bureau of TennCare and the Department of Finance and Administration to develop data measures to assess the effectiveness of presumptive eligibility, the distribution of providers for each managed care organization (MCO) for TennCare enrollees within each grand division, and the incidences of early prenatal care for TennCare recipients. Requires the MCOs to report regularly to the TennCare Bureau using such data measures. Requires such reports to be provided to the TennCare Oversight Committee and to the Speakers of each house. The first annual report is due by December 1, 2018. Requires the Bureau of TennCare to file a quarterly report regarding the status of TennCare reforms and improvements, progress of annual re-verification of all TennCare recipients, status of filing top-leadership positions in the Bureau, number of recipients in the TennCare program, viability of MCOs and providers in the TennCare program, and the success of fraud detection and prevention. Requires a copy of such report to be sent to the TennCare Oversight Committee, the Office of Legislative Budget Analysis, and the Fiscal Review Committee (FRC) within 15 days of the end of each quarter.

Creates a Select Oversight Committee on Children's Services composed of five members of the Senate Health and Welfare Committee to be appointed by the Speaker of the Senate and five members of the House Health Committee to be appointed by the Speaker of the House of Representatives. Requires the Committee to meet monthly and authorizes the Committee to conduct public hearings. Requires the Committee to report annually to the Governor and the General Assembly. Requires the Departments of Children's Services (DCS) and Finance and Administration (F&A) and the FRC to provide the Committee with any financial and any additional information the Committee may require. Requires the Committee to regularly perform legislative oversight of DCS until services for children and their families have improved substantially so that such oversight is no longer needed.

Creates a 17-member Select Oversight Committee on Correction for the purpose of improving planning for facilities and programs, creating a better working environment for correction management, and ensuring implementation of proposed improvements in the correctional system. The Governor will appoint three members, the Speaker of the Senate will appoint seven members, and the Speaker of the House of Representatives will appoint seven members.

Requires the Committee to meet at least quarterly with members being entitled to reimbursement in the same manner as set forth in Tenn. Code Ann. § 3-1-106. Prohibits members from receiving additional reimbursement when the General Assembly is in session.

Requires the Committee to submit a report of its activities to each member of the General Assembly by January 15 of each year. Authorizes the Committee to enter into contracts for technical and professional services. The Speaker of the Senate and the Speaker of the House of Representatives must jointly determine the qualifications, task, and job description of any consultant contracted for such services.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$351,100

Assumptions for Select Oversight Committee on TennCare:

- Public Chapter 410 of 2011 eliminated several joint legislative committees including the Select Oversight Committee on TennCare. At the time, the Committee was abolished there was an executive director and a legislative administrative assistant. Estimate assumes the same staffing level. The budgeted amount for the Select Oversight Committee on TennCare for FY2009-10 was \$191,700 and was used in the Special Report on Joint Oversight Committees issued in 2011 by the Comptroller's Office.
- It is assumed a similar amount will be budgeted to reestablish the Select Oversight Committee on TennCare. A recurring increase in state expenditures of \$191,700 which includes operational costs (\$12,800), staff salaries (\$132,300), and benefits (\$46,600).
- Legislative members will receive per diem plus travel expenses when committee meetings are called and when the General Assembly is not otherwise in legislative session.
- There are 14 legislative members of the Select Oversight Committee on TennCare.
- Pursuant to the provisions of the bill, the Select Oversight Committee on TennCare shall meet at least quarterly; therefore, it is assumed the Committee will meet at least three times outside the legislative session.
- Legislative members will receive \$220 per diem plus travel reimbursement of \$0.47 for an estimated 262 roundtrip miles for each one-day meeting.

- The recurring increase in state expenditures for travel expenses for members of the Select Oversight Committee on TennCare is estimated to be \$14,412 [(14 members x \$220 x 3 meetings) + (14 members x \$0.47 x 262 miles x 3 meetings)].
- The required annual reports, development of data measures to assess the effectiveness of presumptive eligibility, incidences of early prenatal care, independent study of the TennCare pharmacy program, and quarterly reports were in statute prior to 2011 and are being restored by the proposed bill. The Bureau of TennCare will not require any additional resources to resume the requirements of the bill.
- The total recurring increase in state expenditures for the Select Oversight Committee on TennCare is estimated to be \$206,112 (\$191,700 + \$14,412).
- Any increase in state expenditures for reporting is estimated to be not significant.

Assumptions for Select Oversight Committee on Children's Services:

- There are 10 legislative members of the Select Oversight Committee on Children's Services.
- Pursuant to the provisions of the bill, the Select Committee on Children's Services shall meet monthly; therefore, it is assumed the Committee will meet at least eight times outside the legislative session.
- The recurring increase in state expenditures for travel expenses for members of the Select Oversight Committee on Children's Services is estimated to be \$27,451 [(10 members x \$220 x 8 meetings) + (10 members x \$0.47 x 262 miles x 8 meetings)].
- Any increase in state expenditures for reporting is estimated to be not significant.

Assumptions for Select Oversight Committee on Correction:

- Seventeen members of the General Assembly will serve on the Committee. All 17 members are legislative members.
- The Committee must meet at least four times per year. At least one meeting each year will be held while the General Assembly is in session; therefore, at least three meetings will require per diem and travel reimbursement payments.
- Legislative members will receive \$220 per diem plus travel reimbursement of \$0.47 for an estimated 262 roundtrip miles for each one-day meeting.
- The recurring increase state expenditures for travel expenses for members of the Select Oversight Committee on Correction is estimated to be \$17,500 [(17 members x \$220 x 3 meetings) + (17 members x \$0.47 x 262 miles x 3 meeting)].
- The Office of Legislative Administration indicates that the contract for the previous Oversight Committee on Correction in the mid-1990s was approximately \$100,000; therefore, recurring contracting costs for the proposed Committee are reasonably estimated to exceed \$100,000 per year.
- The total recurring increase in state expenditures for the Select Oversight Committee on Correction is estimated to exceed \$117,500 (\$100,000 + \$17,500).
- Any increase in state expenditures for reporting is estimated to be not significant.

Assumption for total impact of the bill:

- The total recurring increase in state expenditures as a result of this bill is estimated to exceed \$351,063 (\$206,112 + \$27,451 + \$117,500).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rnc